

MISSOURI QUALITY JOBS PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Facilitate new quality jobs by targeted business projects.

AUTHORIZATION

Section 620.1875-620.1890, RSMo

ELIGIBLE AREAS

Anywhere in the state of Missouri.

ELIGIBLE BUSINESSES

For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, utilities regulated by the Public Service Commission, companies that are delinquent in non-protested taxes or other payments (state, federal or local), or any company that has filed for or has publicly announced its intention to file for bankruptcy. The average wage of the new jobs must equal or exceed the county average wage (as published by DED), and the company must offer health insurance and pay at least 50% of the premium.

- ✓ Average Wage: Total annual payroll of the new jobs divided by the average annual number of new jobs.

To qualify, the company must create a minimum number of new jobs at the project facility prior to the “deadline” date, based on the type of project:

- ✓ Small/Expanding businesses:
 - ✓ Rural areas: 20 or more new jobs within two years of the date of the DED proposal.
 - ✓ Non-rural areas: 40 or more new jobs within two years of the date of the DED proposal.
**Non-rural areas would include the counties of Boone, Buchanan, Clay, Greene, Jackson, St. Charles, and St. Louis city and county.*
- ✓ Technology businesses (classified by NAICS codes):
 - ✓ 10 or more new jobs within two years of the date of the DED proposal.
- ✓ High Impact businesses:
 - ✓ 100 or more new jobs within two years of the date of the hiring of the first new job, and the first new job must be within one year of the date of the DED proposal.

PROGRAM BENEFITS

For “Small/Expanding” businesses, the benefits of the program are the retention of the state withholding tax of the new jobs. For “Technology” and “High Impact” businesses, the benefits of the program are (a) the retention of the state withholding tax of the new jobs; and (b) state tax credits, which are refundable and/or sellable. The program benefits are based on a percentage of the payroll of the new jobs. The program benefits are not provided until the minimum new job threshold is met and the company meets the average wage and health insurance requirements. The program benefits are calculated as follows:

- ✓ Small/Expanding businesses:
 - Retain 100% of the withholding tax of the new jobs, each year for:
 - ✓ **Three** years - if the average wage of new jobs is 100-119% of county average wage or
 - ✓ **Five** years - if the average wage of new jobs is 120%+ of county average wage.
 - ✓ Technology businesses:
 - **5%** of the payroll of the new jobs each year for five years; **plus:**
 - ✓ “Average Wage Bonus”.
 - Maximum annual tax credits per company are \$500,000. No limit on the withholding tax.
 - ✓ High Impact businesses:
 - **3%** of the payroll of the new jobs each year for five years; **plus:**
 - ✓ “Average Wage Bonus”
 - ✓ “Local Incentives Bonus”
 - Maximum annual tax credits per company are \$750,000 (or \$1 million, if approved by the Quality Jobs Task Force). No limit on the withholding tax.
- “Average Wage Bonus”** (company average wage as a percentage of county average wage):
- ✓ Greater than 120% and up to 140%: **1/2 %** bonus of payroll of the new jobs.
 - ✓ Greater than 140%: **1%** bonus of payroll of the new jobs.
- “Local Incentives Bonus”** (amount of local incentives provided to the project as a percentage of the amount of new local tax revenues derived from the project, over 10 years):
- ✓ 10-24%: **1%** bonus of payroll of the new jobs.
 - ✓ 25-49%: **2%** bonus of payroll of the new jobs.
 - ✓ 50% or more: **3%** bonus of payroll of the new jobs.

Each time the business meets the minimum new job threshold, it may start a new five-year period (three-year for small/expanding businesses) for the net new jobs created. There is no limit on the number of periods a company may use the program, as long as a new Notice of Intent is completed and minimum new job thresholds and other program qualifications are met.

“New jobs” are defined as full-time (35 or more hours/week), year-around employees of the company that are employed at the project facility, based on the increase from the “base employment” (the average employment for the twelve months prior to the date of DED’s approval of the Notice of Intent). In the event the company (or a related company) reduced jobs at another facility in Missouri with related operations, the new jobs at the project facility would be reduced accordingly.

ELIGIBLE USE OF TAX CREDITS

This tax credit can be applied to Chapter 143 (state income tax, excluding withholding tax) and Chapter 148 (financial institutions tax). Tax credits can only be applied to tax liability for the year in which they were earned. Any unused balance is refundable. The credits may also be transferred, sold or assigned.

FUNDING LIMITS

There is no annual cap on the retained withholding taxes. Tax credits issued for the entire program shall not exceed \$12,000,000 per calendar year, and are provided on a first-come basis.

APPLICATION PROCEDURE

Upon the submission of a "Notice of Intent" by the business, DED will issue a confirmation to the business that will:

- ✓ Confirm that the type of project/business is eligible.
- ✓ Establish the date "base employment" is calculated.
- ✓ Reserve the estimated tax credits for the project.
- ✓ Establish the 2-year "deadline" date for the creation of the minimum new jobs to be eligible for the program.

REPORTING

On an annual basis, the business must submit a report documenting the new jobs created, the total payroll, and confirming that the business meets the health insurance requirements for the new jobs.

SPECIAL PROGRAM REQUIREMENTS

- ✓ A business cannot earn benefits for the same new jobs at the project facility under this program if earning benefits under any of the following state programs:
 - ✓ Missouri Enterprise Zone program or Enhanced Enterprise Zone program
 - ✓ Business Facility program
 - ✓ Rebuilding Communities program
 - ✓ Brownfield Jobs and Investment tax credits
- ✓ If a business utilizes the New Jobs Training Bond program, the Quality Jobs benefits would not include the withholding taxes but only the state tax credits.

Estimated state withholding taxes, based on adjusted gross income ("AGI"):

- ✓ AGI of \$19-25,000: 1.4%
- ✓ AGI of \$25-30,000: 2.3%
- ✓ AGI of \$30-35,000: 2.5%
- ✓ AGI of \$35-40,000: 2.7%
- ✓ AGI of \$40-50,000: 2.9%
- ✓ AGI of \$50-70,000: 3.1%
- ✓ AGI of \$70-85,000: 3.3%
- ✓ AGI of \$85-100,000: 3.4%
- ✓ AGI of \$100,000+: 3.7%

County average wages (effective until 7/1/06):

Average county wages based on Census of Employment and Wages, MERIC. Updates to be made annually. Use 2,080 hours per year when converting from hourly to annual wages.

County	Annual Avg. Wage	County	Annual Avg. Wage	County	Annual Avg. Wage
Adair	\$24,469	Greene	\$30,493	Ozark	\$17,813
Andrew	\$22,460	Grundy	\$22,288	Pemiscot	\$23,412
Atchison	\$20,946	Harrison	\$19,437	Perry	\$26,709
Audrain	\$26,582	Henry	\$25,502	Pettis	\$25,626
Barry	\$25,950	Hickory	\$19,428	Phelps	\$27,495
Barton	\$23,141	Holt	\$22,259	Pike	\$24,814
Bates	\$21,324	Howard	\$20,498	Platte	\$34,342
Benton	\$20,421	Howell	\$23,523	Polk	\$23,900
Bollinger	\$20,713	Iron	\$28,276	Pulaski	\$25,997
Boone	\$30,758	Jackson	\$40,088	Putnam	\$19,026
Buchanan	\$29,908	Jasper	\$28,195	Ralls	\$26,626
Butler	\$25,356	Jefferson	\$27,549	Randolph	\$25,379
Caldwell	\$23,643	Johnson	\$26,573	Ray	\$24,473
Callaway	\$30,013	Knox	\$19,247	Reynolds	\$20,847
Camden	\$23,727	Laclede	\$24,629	Ripley	\$19,495
Cape Gir	\$28,994	Lafayette	\$22,976	St. Chas	\$34,088
Carroll	\$22,149	Lawrence	\$23,948	St. Clair	\$19,331
Carter	\$20,059	Lewis	\$21,896	Ste. Gen	\$27,294
Cass	\$26,097	Lincoln	\$27,919	St. Fran	\$23,809
Cedar	\$20,315	Linn	\$23,681	St. L Co	\$42,063
Chariton	\$22,571	Livingston	\$24,336	Saline	\$24,749
Christian	\$23,772	McDonald	\$23,539	Schuyler	\$19,630
Clark	\$19,609	Macon	\$23,291	Scotland	\$21,066
Clay	\$36,535	Madison	\$20,394	Scott	\$24,604
Clinton	\$23,648	Maries	\$21,538	Shannon	\$18,989
Cole	\$30,884	Marion	\$26,518	Shelby	\$20,885
Cooper	\$23,713	Mercer	\$25,615	Stoddard	\$23,327
Crawford	\$23,977	Miller	\$23,645	Stone	\$22,171
Dade	\$20,835	Mississippi	\$23,029	Sullivan	\$23,200
Dallas	\$20,148	Moniteau	\$23,284	Taney	\$23,154
Daviess	\$20,218	Monroe	\$21,881	Texas	\$22,257
DeKalb	\$23,141	Montgomery	\$23,069	Vernon	\$25,338
Dent	\$22,675	Morgan	\$20,422	Warren	\$25,327
Douglas	\$22,445	New Madrid	\$29,763	Washington	\$21,650
Dunklin	\$23,181	Newton	\$28,942	Wayne	\$19,428
Franklin	\$28,156	Nodaway	\$25,832	Webster	\$24,202
Gasconade	\$22,218	Oregon	\$19,939	Worth	\$18,328
Gentry	\$21,276	Osage	\$23,925	Wright	\$21,632
				St. L City	\$44,237

Statewide average of \$34,548 applicable to any county over the statewide average.

CONTACT

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ADDITIONAL RESOURCES

Go to the department's home page at www.missouridevelopment.org to obtain guidelines and forms for the Missouri Quality Jobs Program as well as a wealth of information regarding Missouri's many other economic development programs and policies.